

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)

Financial Statements

Year Ended December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
103rd Street - Roseland Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of 103rd Street - Roseland Special Service Area Number 41 (a taxing district authorized by the City of Chicago) as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 103rd Street - Roseland Special Service Area Number 41 (a taxing district authorized by the City of Chicago), as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative schedule of tax levy revenue and interest income on page 8 and the schedule of expenses and budget variances on pages 9 through 11 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bravos & Associates CPAs

March 29, 2014
Bloomington, Illinois

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,408	\$ 15,304
Total Assets	<u>\$ 2,408</u>	<u>\$ 15,304</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 27,266	\$ 13,881
Line of Credit	<u>38,000</u>	<u>-</u>
Total Current Liabilities	65,266	13,881
 <u>Net assets</u>		
Net assets, unrestricted	<u>(62,858)</u>	<u>1,423</u>
Total Liabilities and Net Assets	<u>\$ 2,408</u>	<u>\$ 15,304</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Activities
For the Years Ended December 31, 2013 and 2012

	Year Ended December 2013			Year End December 2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue & Interest Income	\$ 169,607	\$ 182,926	\$ (13,319)	\$ 134,017	\$ 180,250	\$ (46,233)
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	80	4,200	(4,120)	650	2,200	(1,550)
2.00 Public Way Maintenance	62,156	73,000	(10,844)	68,272	62,000	6,272
3.00 Public Way Aesthetics	4,428	20,000	(15,572)	14,641	25,000	(10,359)
5.00 Façade Improvements	-	17,000	(17,000)	-	10,000	(10,000)
7.00 Safety Programs	104,385	97,000	7,385	100,617	75,000	25,617
8.00 District Planning	-	2,000	(2,000)	12,000	-	12,000
Total Program Expense	<u>171,049</u>	<u>213,200</u>	<u>(42,151)</u>	<u>196,180</u>	<u>174,200</u>	<u>21,980</u>
<u>Administration</u>						
10.00 Personnel	44,476	43,876	600	40,787	39,349	1,438
11.00 Operational & Administrative Support	18,363	15,350	3,013	12,581	11,650	931
12.00 Tax Levy Loss Collection	-	6,454	(6,454)	-	20,000	(20,000)
Total Administration expenses	<u>62,839</u>	<u>65,680</u>	<u>(2,841)</u>	<u>53,368</u>	<u>70,999</u>	<u>(17,631)</u>
Total Expenses	<u>233,888</u>	<u>278,880</u>	<u>(44,992)</u>	<u>249,548</u>	<u>245,199</u>	<u>4,349</u>
Increase in Net Assets	<u>(64,281)</u>	<u>(95,954)</u>	<u>31,673</u>	<u>(115,531)</u>	<u>(64,949)</u>	<u>(50,582)</u>
<u>Unrestricted Net Assets:</u>						
Beginning of Year	<u>1,423</u>			<u>116,954</u>		
End of Year	<u>\$ (62,858)</u>			<u>\$ 1,423</u>		

103rd Street- Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparitive Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (64,281)	\$ (115,531)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	-	17,690
Accounts payable	<u>13,385</u>	<u>12,650</u>
Total cash Provided (Used)	(50,896)	(85,191)
Cash Flows from Financing activities:		
Line of Credit - Net	<u>38,000</u>	<u>-</u>
Total Cash Provided (Used)	(12,896)	(85,191)
Cash and Cash Equivalents		
Beginning of the year	<u>15,304</u>	<u>100,495</u>
End of the year	<u>\$ 2,408</u>	<u>\$ 15,304</u>
Supplemental disclosures:		
Interest Paid	<u>\$ 1,331</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 31, 2013 and 2012

Summary of Accounting Policies

Nature of Organization

Calumet Area Industrial Commission (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois and is the contractor for 103rd Street – Roseland Special Service Area Number 41. The Organization was formed to attract, develop and retained industrial businesses in the Calumet Area, and the special service area formed to revitalize the Calumet area industrial and business district. The special service area is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. At December 31, 2013 and 2012, the Organization had no temporarily or permanently restricted net assets.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago whereby the City has establish a special service area known and designated as “Michigan Avenue- Roseland Special Service Area Number 41” to provide special services in addition to those services generally provided by the City. Calumet Area Industrial Commission has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.50% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization, for 2013, is the lesser of \$ 193,456 or the amount of service tax funds collected. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement is renewable annually.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 2013 and 2012

Summary of Accounting Policies – Continued

Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution in the Chicago metropolitan area, which is federally insured up to prescribed limits.

Income Tax Status

The Organization is exempt from Federal Income tax under Section 501(c) (3) of the Internal Revenue Code.

Revenue Recognition

Revenue from property taxes levied is recognized in the year that it becomes available.

Related Party Transactions

Michigan Avenue- Roseland Special Service Area Number 41 shares office space, equipment and employees through its affiliation with Calumet Area Industrial Commission, the contractor.

Michigan Avenue- Roseland Special Service Area Number 41 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. Michigan Avenue- Roseland Special Service Area Number 41 also reimburses the contractor for a portion of its operating expenses and pays for use of Calumet Area Industrial Commission's office equipment and supplies.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Commissioners
103rd Street - Roseland Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates CPAs

March 29, 2014
Bloomington, Illinois

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparative Schedule of Tax Levy Revenue and Interest Income
December 31, 2013 and 2012

<u>Tax Levy Revenue and Interest Income received from the City of Chicago</u>	<u>2013</u>	<u>2012</u>
	<u>Income</u>	<u>Income</u>
	<u>(Returned to City)</u>	<u>(Returned to City)</u>
<u>Tax Levy Revenue</u>		
Tax Year 2006 & Prior		
Tax Year 2007	(3,202)	(945)
Tax Year 2008	5	(835)
Tax Year 2009	1,451	(6,497)
Tax Year 2010	812	13,658
Tax Year 2011	34,698	128,633
Tax Year 2012	135,836	-
 Total received during year - Cash Basis	 169,600	 134,014
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	-	-
End of year	-	-
 <u>Total tax levy revenue - Accrual Basis</u>	 169,600	 134,014
 <u>Interest Income</u>		
Interest earned - Bank Accounts	-	-
Interest paid by City of Chicago	7	3
 Total Interest earned	 7	 3
 Tax Levy Revenue and Interest Income	 \$ 169,607	 \$ 134,017

103rd Street - Roseland Special Service Area Number 41

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2013 and 2012

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.01 Website and/or Social Media	\$ -	\$ 1,200	\$ (1,200)	\$ 600	\$ 1,200	\$ (600)
1.03 Special Events	-	-	-	-	1,000	(1,000)
1.04 Display Advertising	-	-	-	50	-	50
1.05 Print Materials	80	3,000	(2,920)	-	-	-
Totals	80	4,200	(4,120)	650	2,200	(1,550)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase & Maintenance	-	-	-	2,080	-	2,080
2.01 Sidewalk Cleaning	62,156	70,000	(7,844)	65,494	60,000	5,494
2.09 Anti-Litter campaign	-	3,000	(3,000)	698	2,000	(1,302)
Totals	62,156	73,000	(10,844)	68,272	62,000	6,272
<u>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements Purchase/Install	-	-	-	-	1,000	(1,000)
3.02 Decorative Banner Holiday Decorations	4,428	10,000	(5,572)	6,661	15,000	(8,339)
3.05 Landscaping	-	10,000	(10,000)	7,980	9,000	(1,020)
Totals	4,428	20,000	(15,572)	14,641	25,000	(10,359)

103rd Street - Roseland Special Service Area Number 41

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2013 and 2012

	<u>Year Ended December 31, 2013</u>			<u>Year Ended December 31, 2012</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Expenses:</u>						
<u>Programs:</u>						
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancement Program	\$ -	\$ 10,000	\$ (10,000)	\$ -	\$ 10,000	\$ (10,000)
5.02 Awning Program - Rebates	-	5,000	(5,000)	-	-	-
5.03 Signage Removal Program Rebates	-	2,000	(2,000)	-	-	-
Totals	-	17,000	(10,000)	-	10,000	(10,000)
<u>7.00 Safety Programs</u>						
7.02 Security Services	103,642	85,000	18,642	100,617	75,000	25,617
7.03 Safety Improvement Program	-	10,000	(10,000)	-	-	-
7.05 Safety Program	743	2,000	(1,257)	-	-	-
Totals	104,385	97,000	18,642	100,617	75,000	25,617
<u>8.00 District Planning</u>						
8.01 SSA Designation or Reconstitution	-	-	-	12,000	-	12,000
8.04 District Master Planning	-	2,000	(2,000)	-	-	-
Totals	-	2,000	(2,000)	12,000	-	12,000

103rd Street - Roseland Special Service Area Number 41

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2013 and 2012

	<u>Year Ended December 31, 2013</u>			<u>Year Ended December 31, 2012</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Expenses:</u>						
<u>Programs & Administrative Support:</u>						
<u>10.00 Personnel</u>						
10.01 President	\$ 11,413	\$ 10,000	\$ 1,413	\$ 10,297	\$ 12,849	\$ (2,552)
10.02 SSA Project Manager	33,063	28,313	4,750	30,490	26,500	3,990
10.03 Director of Economic Development	-	5,563	(5,563)	-	-	-
Totals	<u>44,476</u>	<u>43,876</u>	<u>600</u>	<u>40,787</u>	<u>39,349</u>	<u>1,438</u>
<u>11.00 Operational & Administrative Support</u>						
11.02 SSA Audit	2,500	2,500	-	2,500	2,500	-
11.03 Bookkeeping	6,000	6,000	-	3,000	3,000	-
11.04 Office Rent	600	600	-	600	600	-
11.05 Office Utilities/Telephone	1,000	1,000	-	1,000	2,500	(1,500)
11.06 Office Supplies	1,000	1,000	-	1,000	1,000	-
11.07 Office Equipment Lease/Maintenance	1,000	1,000	-	1,000	1,000	-
11.08 Office Printing	300	300	-	500	500	-
11.09 Postage	250	250	-	250	250	-
11.10 Meeting Expense	1,000	1,000	-	300	300	-
11.12 Bank service charges	382	-	382	931	-	931
11.13 Monitoring/Compliance	1,500	1,500	-	-	-	-
11.14 Parking & Mileage	1,500	200	1,300	1,500	-	1,500
11.15 Interest expense Line of Credit	1,331	-	1,331	-	-	-
Totals	<u>18,363</u>	<u>15,350</u>	<u>3,013</u>	<u>12,581</u>	<u>11,650</u>	<u>931</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2013 and 2012

Finding # 1

We have reviewed the Agreement for Special Service Area Number 41 between the City of Chicago and the Contractor for the year ended December 31, 2013 and 2012. We noted no exceptions